



ACCOUNTANTS & ADVISORS

VALUING YOUR MEDICAL PRACTICE

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When considering the sale or purchase of all or certain assets of a physician practice, a valuation is often warranted. Sellers need to be able to realistically assess the value of their practice in order to monetize its full value, while buyers may need a valuation for both business and regulatory reasons.

Buyers are keenly sensitive to the economic costs and benefits of a practice acquisition. Factors impacting their decision to purchase and the price that they are willing to pay for a practice include:

- Location and demographics
- Stability of patient base (high v. low turnover)
- Dependence on referrals v. large direct patient base
- Supply/demand relationship for acquisition of practice (high demand/low supply v. low demand/high supply)
- Reputation
- Facilities and technology (state of the art v. antiquated)
- Potential synergies with acquirer
- Anticipated enhanced reimbursement due to better payor contracts or hospital billing rates

This is not an exhaustive list and there are many other matters requiring consideration. Facts and circumstances will dictate the weighting given to each factor by a buyer. When seeking to maximize a practice's value, the physician should be mindful of these issues.

Our experienced medical practice consultants are available to speak with you if you have questions about the value of your practice, and how to best maximize its value.

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